



City of Huntington Beach Proposed Budget

FISCAL YEAR 2012/2013

July 16, 2012

FY 2012/13 Proposed Budget Presentation Overview

- Strategic Plan Goals and Objectives
- FY 2012/13 Proposed Budget Overview
 - Revenue and Expenditure Projections
 - CIP and Infrastructure Commitments
 - Proposed Staffing and Operating Reductions
 - Financial Reserves
- FY 2012/13 Budget Calendar

A Roadmap to Success – The Strategic Plan

- Improve Long-Term Financial Sustainability
- Enhance Economic Development
- Maintain Public Safety
- Improve the City's Infrastructure
- Develop, Retain and Attract Quality Staff

FY 2012/13 Proposed Budget

An Overview

A Roadmap to Success- The Strategic Plan

- Huntington Beach has risen to the challenge of these tough economic times
- Over \$26.5 million in cuts over past four years – total of 183 FTEs eliminated, and an additional 37 defunded, for a total of 220 FTEs
- \$2.5 million General Fund budget challenge identified with abolishment of Redevelopment on February 1, 2012
- In general, revenues have improved in the past year in several areas including, sales tax, TOT, parking and planning and building fees
- Departments have proposed structural reductions in personnel (12 FTEs and 10.75 part-time reductions) and operating expenses to present this balanced budget
- In addition, three positions are defunded, for a total workforce reduction of 15 FTEs and 10.75 part-time eliminations

FY 2012/13 Proposed Budget

- The Proposed All Funds budget totals \$293.8 million, a 6.0% decrease from the Adopted FY 2011/12 budget
- The Proposed General Fund budget totals \$186.2 million, a 1.4% increase from the Adopted FY 2011/12 budget



Enhance Economic Development

- **Property Tax**
 - Reflects a slight increase of 0.25% for Secured Property Tax as values have stabilized; yet reflects a decline in Supplemental and Unsecured Property Taxes due to recent poor performance
- **Sales Tax**
 - Budgeted at about a 5% increase over last year's Adopted Budget with an additional \$1.0 million due to new businesses in Huntington Beach such as Costco, Dick's Sporting Goods and Nordstrom Rack
- **Transient Occupancy Tax**
 - Budgeted at about a 7% increase over last year's Adopted Budget due to continued success by the travel and lodging industry
- **Development Licenses and Permits**
 - Budgeted at 15% over last year's Adopted Budget due to continued commercial and residential development throughout the City

General Fund Expenditures

- Continues the elimination of 183 FTEs from the Table of Organization made in previous fiscal years
- Continues 37 previously defunded positions, for a total workforce reduction in funding of 220 FTEs as a starting point
- Proposes 12 additional FTE eliminations from the Table of Organization
- Defunds an additional 3 positions (two sworn police personnel and a Community Services Recreation Coordinator)
- Eliminates an additional 10.75 part-time positions
- Reduces Operating expenses by an additional \$600,000
- On a positive note, three Police Officer positions have been retained that were initially recommended for reduction in June 2012

Highlights of Proposed Reductions

- Fire – Conversion of Deputy Fire Marshal to a civilian position
- Information Services- Elimination of vacant Telecommunications Specialist position
- Planning and Building – Reduction in professional services which provide for unanticipated Environmental Impact Reports
- Police – Reduction in two (2) Motor Unit positions, as well as, elimination of three (3) custodian positions
- Public Works – Reduction in citywide maintenance which will affect parks and right-of-way landscaping; also proposed is the elimination of an Office Assistant and Landscape Maintenance Leadworker

Highlights of Proposed Reductions

- City Clerk – Elimination of contracted minutes preparation for the City Council, Housing Authority, Successor Agency and Public Financing Authority resulting in slower processing times for minutes
- City Attorney – Reduction in Temporary Salaries
- Library Services – Reduction in book purchases and database subscriptions resulting in fewer services for Library users
- Community Services – Elimination of Art Curator position and three custodians at various City facilities
- Finance – Elimination of Utility User Tax auditing firm and assuming the function in house

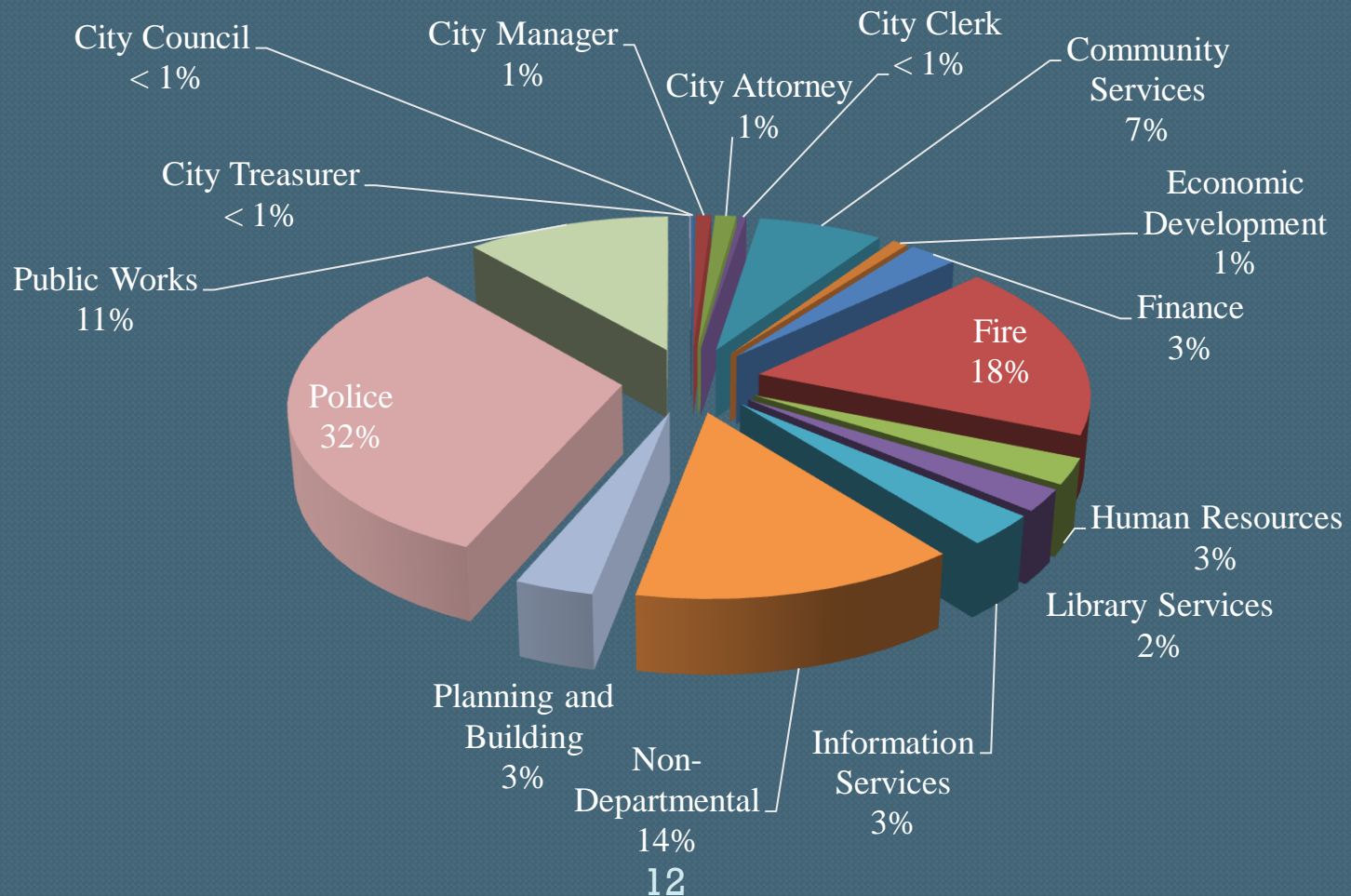
Proposed Staffing Reductions

Department	FTE	Vacant	Filled	Defunded	Part-Time
City Attorney					(1.00)
Community Services	(5.0)	(1.0)	(4.0)	(1.0)	
Economic Development	(1.0)	(1.0)			
Fire					(0.50)
Human Resources	(0.5)	(0.5)			
Information Services	(0.0)	(1.0)	1.0		
Planning & Building					(1.75)
Police*	(4.5)	(0.5)	(4.0)	(2.0)	(2.00)
Public Works	(1.0)	(1.0)			(5.50)
Total	(12.0)	(5.0)	(7.0)	(3.0)	(10.75)

** Reflects 2 sworn defunded and transferred to Patrol Unit , 3.5 civilians reduced and one transfer to IS*

Maintain Public Safety

Budget Allocations by Department: FY 2012/13



Strategic Use of Reserves

- Proposed FY 12/13 Budget increases commitment to infrastructure - \$1.7 million from the CIR
- Proposed FY 12/13 Budget recommends expediting the payout of the remaining PARS payments of \$4.6 million, by September 30, 2013
- Maintains the \$2.7 million contingency in the Economic Uncertainties Reserve added at FY 10/11 Year End

Develop, Retain and Attract Quality Staff

- In era of limited resources, improving training and education opportunities for existing staff is a priority
- FY 12/13 Proposed Budget continues existing tuition reimbursement programs, consortium training workshops and EAP contract training
- The “POWER” team has taken the lead on promoting low/no cost programs, projects and opportunities to enhance employee enrichment

Budget Calendar

<u>Item</u>	<u>Proposed Date</u>
March - July 16, 2012	Internal Budget Development and Finalization
July 16, 2012	Proposed FY 2012/13 Budget to City Council
August 6, 2012	CIP and Infrastructure Study Session/ FY 2012/13 Budget Study Session
August 20, 2012	Pavement Condition and Blue Ribbon Committee/ FY 2012/13 Budget Study Session
September 4, 2012 September 17, 2012	Proposed Budget Adoption Date – 1 st Meeting Alternative Budget Adoption Date – 2 nd Meeting
September 30, 2011	Charter Deadline to Adopt the FY 2012/13 Budget
October 1, 2012	New Fiscal Year Begins
November 6, 2012	Election Day- Employee Tax Override Ballot Measure

Potential Impact of Employee Tax Override Elimination

Description	Reduction			
	Amount	FTE	PT	Total
POLICE DEPARTMENT	(1,571,165)	(11.0)		(11.0)
Summary: Elimination of 11 positions, including 5 Sworn positions and 6 net civilian positions.				
Total elimination of the Police Department's Crime Scene Unit (6 civilian layoffs) resulting in slower handling of calls for service, crime scene investigations, evidence collection, processing and booking.				
Reduction of the Special Enforcement Detail (SET) by almost 50% including two officers from the Bella Terra Beat and two from the Downtown Beat. This will result in no officers being specifically assigned to Bella Terra. The "area patrol car" will be responsible for handling the calls for service resulting in longer response times to calls for service. The downtown business district will only have foot beat officers working on the weekend evenings. They will no longer be assigned during the daytime hours or in the early part of the week. SET officers will no longer be available to work the Tuesday night "street fair." The BID will have to hire private security or pay for officers to work on an overtime basis.				
One Supervisor Detention Officer potential layoff impacting the ability to appropriately supervise the Detention Officers and monitor prisoners at the City jail resulting in slower processing times for prisoners and delays in Police Officers returning to duty.				
Reduction in Police overtime resulting in slower response times to calls for service particularly for summer/holidays.				
Civilianization of one Lieutenant Position.				
FIRE DEPARTMENT	(885,001)	(3.0)	(1.0)	(4.0)
Summary: Elimination of 4 positions (1 sworn, 2 civilians and 1 part time).				
Total elimination of Urban Search & Rescue Program resulting in loss of ability to manage rescue incidents such as industrial, traffic and trench collapse accidents, and structural collapses. Severe reduction in ability to provide rescue responses during earthquakes, disasters, and other large scale incidents.				
Total elimination of Hazmat Response Program reducing ability to effectively respond to hazardous materials incidents from external sources and/or the City's 485 businesses with significant hazardous materials. Reduced response capabilities for oil spills/accidents at land-based and off-shore oil wells and pipelines. Reduced capacity to respond to domestic terrorism associated with chemical, biological, nuclear and radiological materials.				
Elimination of Deputy Fire Marshal for Training and elimination of Fire Department Joint Training Center (Central Net JPA) resulting in loss of critical training resources and ability to provide essential and mandated training for emergency response. Loss of partnership with the City of Fountain Valley, affecting inter-jurisdictional responses.				
Total elimination of the Tactical Paramedic (SWAT) Program resulting in the loss of a critical component of our SWAT Program that provides for immediate triage and treatment of both injured civilians and police officers.				

Potential Impact of Employee Tax Override Elimination

Description	Reduction			
	Amount	FTE	PT	Total
Total elimination of Volunteer Programs will result in loss of ability to provide CERT training and program management, RACES program support and management, and support to the City's youth Search and Rescue program.				
Reduction of 50% of a Secretary position and reductions in Oil Well Inspections will result in delayed service to customers and reduced administrative capabilities, and possible reduction in associated revenues.				
COMMUNITY SERVICES	(339,807)	(3.0)	(18.0)	(21.0)
Restructure the Art Center function with \$100,000 and the program revenue to be dedicated to a non-profit organization for the delivery of exhibits and classes at the current facility. Two full time employees and 5,700 hours of part time work (18 personnel) would be eliminated.				
Reduction in part time employees for Parking and Camping resulting in shorter open gate times for all lots, will cause delays in entering Beach lots and exiting Main Promenade Parking Structure. Reduced funding for Pier Plaza and Beach maintenance that may result in delays for cleaning and reduced quality of appearance to the facilities.				
Elimination of Marine Safety Officer/Lifeguard resulting in less qualified personnel to provide this service.				
LIBRARY DEPARTMENT	(110,930)		(2.5)	(2.5)
Closure of 2 branch libraries: Helen Murphy and Main Street or Banning Branches, and reduction of hours at the Central Library Public Service desk resulting in part time staff reduction of 2.5 employees.				
Elimination of supply funding for branches; 50% cut in supplies for Story Time; and reduction in craft activities, training and other Youth Services program supplies.				
Over 50% cut in magazine and newspaper purchases and significant cuts in subscriptions for all locations.				
PUBLIC WORKS	(557,150)	(2.0)		(2.0)
Eliminate Environmental Specialist in Urban Runoff reducing ability to respond to storm water violations.				
Eliminate Maintenance position for City facilities.				
Citywide cuts in mowing (50%) in City parks and facilities; deferral of tree trimming from a 12-year to a 15-year cycle; and reductions in landscape maintenance, painting and refurbishing (45%).				
Eliminate preventive maintenance on the emergency vehicle signal preemption equipment; defer signal, markings and sign replacements in residential areas from a 4-year to a 6-year cycle; and defer equipment and fleet maintenance.				

Potential Impact of Employee Tax Override Elimination

Description	Reduction			
	Amount	FTE	PT	Total
<u>PLANNING AND BUILDING</u>	(164,864)	(1.0)	(3.0)	(4.0)
Reduction of the code enforcement program impacting response time to citizen complaints, violation abatement times, and inspection availability resulting in an increase in visually blighted properties.				
65% cut to SIRE Imaging Program resulting in the elimination of the City's ability to digitize historical planning documents.				
<u>INFORMATION SERVICES</u>	(155,979)	(1.0)		(1.0)
Elimination of Information Services communication position and technical training funds will adversely impact City telephone and network system problem resolution and data security.				
<u>HUMAN RESOURCES</u>	(129,244)	(1.5)		(1.5)
Elimination of Personnel Assistant impacting turnaround time for hiring part time, full time and hourly recruitments; and elimination of Administrative Assistant (0.5) resulting in increased response times for Surf-City Pipeline items.				
<u>CITY ATTORNEY</u>	(57,692)	(1.0)		(1.0)
Elimination of a Deputy City Attorney III impacting prosecutions, ability to make court appearances for criminal violations; prepare ordinances, resolutions and agreements; coordinate Public Records Act requests; and advise City.				
<u>CITY MANAGER</u>	(41,308)	(1.0)		(1.0)
Reduction of a full time Office Assistant II to part time impacting front desk coverage and support.				
<u>CITY CLERK</u>	(18,879)			
Elimination of purchase of election handbooks and election codes; elimination of passport training and certification; elimination of professional services; reduction in repairs of vault shelving system and office supplies.				
<u>CITY TREASURER</u>	(6,547)			
Reduction of equipment maintenance and office supplies.				
<u>ECONOMIC DEVELOPMENT</u>	(42,609)	(0.5)		(0.5)
Elimination of an Administrative Secretary impacting front counter and phone coverage and elimination of City contribution to the Chamber's Economic Development Conference.				

Potential Impact of Employee Tax Override Elimination

Description	Reduction			
	Amount	FTE	PT	Total
FINANCE	(133,839)	(1.0)		(1.0)
Elimination of Accounting Technician Supervisor overseeing Accounts Receivable and Collections operations impacting City's ability to recoup revenue owed to City; and reductions in professional services impacting ability to comply with accounting rules and statutes, audits, and Federal, State and City financial and banking requirements.				
	(4,215,014)	(26.0)	(24.5)	(50.5)

*Note: 7.0 FTE reductions are sworn positions

**The Public Works reduction will impact the City's ability to comply with the infrastructure requirement by \$527,170

PERS Contributions By Bargaining Group

As of 10/1/12

Union	EE Rate Employee Paid	EE Rate City Paid	PERS EE Rate	Potential GF Savings
Municipal Employees Association	4.25%	3.75%	8.00%	756,130
Management Employees Organization	2.25%	5.75%	8.00%	551,662
Non Associated - Executive Management	6.75%	1.25%	8.00%	24,967
Police Officers Association- Non Safety	4.25%	3.75%	8.00%	108,578
Fire Management Association	6.75%	2.25%	9.00%	24,308
Huntington Beach Fire Association	6.75%	2.25%	9.00%	327,040
Marine Safety Management Association	6.25%	2.75%	9.00%	34,019
Non Associated - Safety	4.25%	4.75%	9.00%	19,464
Police Management Association	4.25%	4.75%	9.00%	95,583
Police Officers Association- Safety	4.25%	4.75%	9.00%	984,971
				\$2,926,722

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Questions?